

enterprises, and advances for investment in Stock Exchange Securities.

The dealers in money consist of the aggregate of lenders at interest, and the merchants and others who are willing to pay for the use of capital¹ which they do not possess in sufficiency but which they can command by pledging securities which they do possess. Indeed every dealer in the money market is both a buyer and seller of money; he is prepared to lend or sell the use of money at a stated price, but he is also ready to borrow or buy the use of money at another price, so that if he can obtain its services from one person at a given rate of interest he may employ it in advances to another person on higher terms and thus secure a profit in the difference of price. He may, for example, borrow from a bank on security and pay the interest required, for the purpose of lending the amount to traders upon security, who will allow him a higher remuneration for its use in business, or he may lend it, on superior terms, to the Government, or a municipal body, or a railway, in the form, of investment in their stocks and bonds. The banker himself is simultaneously a borrower and a lender; he borrows the savings of people in the form of deposits upon which he allows interest, and these sums he advances to merchants and others for their different purposes at a higher price.

The dealers or traders in money, in the shape of loans on securities, and the discount² (or immediate payment in money under deduction of interest) of bills of exchange maturing at the expiration of a brief specified period, are the Bank of England, the joint stock banks, the few private banks, the discount houses and bill brokers, the larger mercantile firms which have funds to lend from time to time, and the Stock Exchange, where some of the more important dealers also lend. As a general rule however, the term "the

¹ Capital: the term answers to the Latin *capitellwni*, diminutive of *caput*, the head ; then applied to the head of a pillar which supports the upper structure of a building; and hence figuratively transferred to the funds of a trader, company, or corporation which serve as a basis or support

for commercial and other operations.

² Discount: from the old French *des* (the Latin *dis*), apart, away, arid *compter*; to count; to make a deduction for payment in ready money.